

EX PARTE OR LATE FILED

REED SMITH SHAW & McCLAY

1301 K STREET, N.W.

SUITE 1100 - EAST TOWER

WASHINGTON, D.C. 20005-3317

202-414-9200

JUDITH ST. LEDGER-ROTY  
202-414-9237

FAX 202-414-9299

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JUN 28 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

June 28, 1996

William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

**Re: EX PARTE PRESENTATION - In re Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers - CC Docket No. 95-185; and Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 - CC Docket No. 96-98**

Dear Mr. Caton:

On June 27, 1996, on behalf of Paging Network, Inc., the undersigned counsel, Mark Drazen of Drazen & Associates, and Jan Jubon of Jubon Consulting met with Rudolfo M. Baca, Legal Advisor to Commissioner James H. Quello, to discuss issues in the above-referenced dockets and the information contained in the attached presentation.

As the above-described meeting was completed late in the afternoon, counsel was unable to file this letter on the same day that the meeting occurred. To the extent the Commission deems necessary, counsel hereby requests waiver of §1.1206(a)(2) of the Commission's rules requiring same-day submission of the instant letter.

In accordance with the Commission's rules, 47 C.F.R. §1.1206(a)-(b), we are filing an original and two copies of this notice of *ex parte* presentation. Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,

*Judith St. Ledger-Roty*  
Judith St. Ledger-Roty

JSLR:cpa  
Enclosure

cc: Rudolfo M. Baca

**Paging Network, Inc.**

**PAGENET IS THE NATION'S AND THE WORLD'S  
LARGEST  
MESSAGING CARRIER**

**OVER 4 BILLION CALLS PER YEAR  
DOMESTICALLY  
7.4 MILLION CUSTOMERS**

## **Paging Network, Inc.**

### **ONE-WAY MESSAGING SERVICES OFFERED BY PAGING CARRIERS**

**Traditional Numeric Paging  
Alphanumeric  
VoiceNow ("voicemail on  
your belt")  
Wireless Fax  
Wireless Data  
Credit Card Verification**

### **ONE-WAY MESSAGING SERVICES OFFERED BY OTHER WIRELINE & WIRELESS NETWORKS**

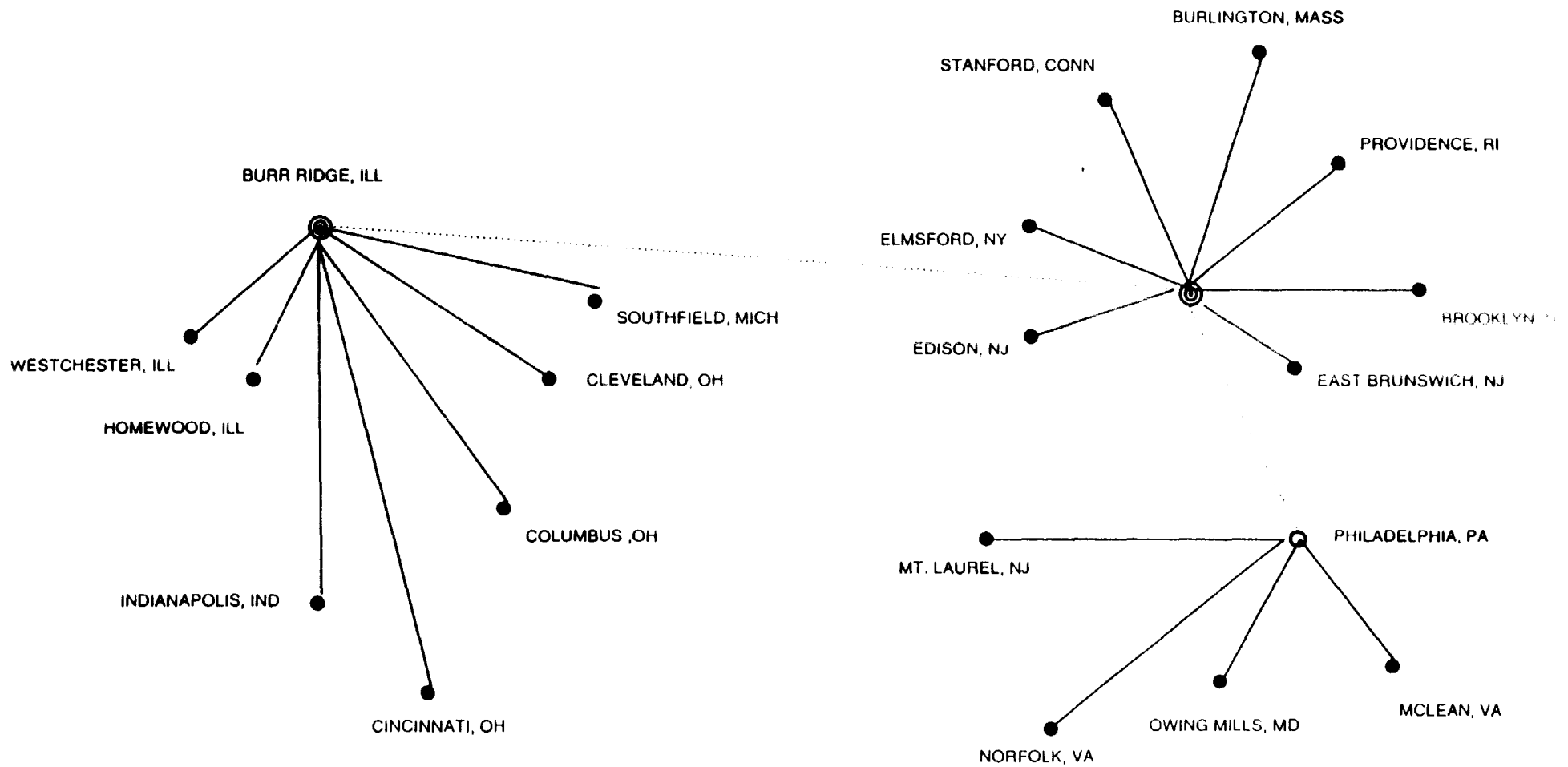
**Caller ID  
Answering Machines  
Voicemail  
  
Fax  
Data  
Credit Card Verification**

**MESSAGING TRAFFIC INCREASINGLY  
PREDOMINANTLY INTERSTATE**

- ♦ **900 MHz NATIONWIDE, REGIONAL FREQUENCIES**
- ♦ **900 MHz NARROWBAND FREQUENCIES NATIONWIDE, REGIONAL**
- ♦ **931 MHz COMMON CARRIER FREQUENCIES TO BE AUCTIONED, MOST LIKELY, ON MTA BASIS - SYSTEMS ALREADY REFLECT MTA OR GREATER GEOGRAPHY**

DIAGRAM 1

ILLUSTRATIVE DIAGRAM OF  
PAGENET INTERSTATE NETWORK



**Paging Network, Inc.**

**CRITICAL NEED FOR FCC TO ESTABLISH &  
IMPLEMENT INTERCONNECTION AND  
COMPENSATION PRINCIPLES FOR MESSAGING TO  
CURTAIL SYSTEMIC INTERCONNECTION FLAWS**

## **CURRENT PROBLEMS**

- ◆ **INCONSISTENT AND ARBITRARY TREATMENT AMONG LECs**
- ◆ **MESSAGING CARRIERS TREATED LIKE END USERS, NOT CARRIERS**
- ◆ **TREATMENT INFERIOR TO THAT OF OTHER CARRIERS**

## **RESULTS**

- ◆ **OVERCHARGES TO MESSAGING CARRIERS**
- ◆ **COMPETITIVE DISADVANTAGE FOR MESSAGING-ONLY**

**Paging Network, Inc.**

**PAGING CARRIERS ARE SUBJECT TO WIDELY  
VARYING RECURRING LEC CHARGES**

**Per-Block of 100 Telephone LEC End Office Numbers**

**BellSouth**

**\$ 0.50/month**

**PacBell**

**\$ 0.50/month**

**US West**

**\$15.00/month**

**SNET**

**\$52.00/month**



**THE FCC NEEDS TO CLEARLY REASSERT LONG-STANDING  
CO-CARRIER PRINCIPLES PROMOTING COMPETITION  
FOR BENEFIT OF CUSTOMERS**

- ♦ **A CARRIER MUST BE PAID FOR THE USE OF  
ITS NETWORK**
- ♦ **PAYMENT SHOULD BE BASED ON  
DIRECTIONALITY (TERMINATING  
COMPENSATION)**
- ♦ **PAYMENT OF COMPENSATION MUST APPLY  
TO ALL CARRIERS**

**CO-CARRIERS INCLUDE:**

- ♦ **LECs**
- ♦ **CLECs**
- ♦ **INDEPENDENTS**
- ♦ **CMRS**
  - **Cellular**
  - **Messaging/Paging**
  - **ESMR**
  - **Other**

**APPLICATION OF POLICY CONSISTENTLY  
APPLIED, TRANSLATES INTO:**

- ♦ **Facility Paid For Based On “Proportionate Use”**
- ♦ **There Should Be No Charges To Wireless Carrier For inter-Carrier Trunk Facility Between LEC And MTSO If 100% Of Traffic From LEC To Wireless Carrier**
- ♦ **Example: Bell Atlantic Cellular Tariff Charges Cellular Carrier For Mobile-To-Land But Not Land-To-Mobile**
  - ◇ **Bell Atlantic Refuses To Give PageNet Same Terms**

**Paging Network, Inc.**

**CHARGES TO MESSAGING CARRIERS FOR  
FACILITIES BASED ON OTHER THAN  
PROPORTIONATE USE IN EACH DIRECTION  
IS AN UNREASONABLE PRACTICE UNDER  
SECTION 201 OF THE COMMUNICATIONS ACT**

**Paging Network, Inc.**

**COMPENSATION TO MESSAGING CARRIERS  
FOR TRAFFIC TERMINATED  
OVER THEIR NETWORKS**

**EXAMPLE:**

**NYNEX Offering Compensation To Cellular For Calls  
Terminated Over Cellular Career Networks**

**NYNEX Pays CLECs For All Calls Terminated  
Over CLEC Network**

**NYNEX Pays Independent LECs For Calls  
Terminated Over Their Networks**

**NYNEX Refuses To Pay Messaging Carriers  
For Calls Terminated Over Their Networks**

**Paging Network, Inc.**

**CHARGES BY CMRS CARRIERS TO LECs FOR USE  
OF CMRS FACILITIES ARE RATES**

**SECTION 332 PROHIBITS STATES FROM  
SETTING THESE RATES**

**(LECs WOULD LIKE TO PRETEND THAT THESE  
CHARGES ARE DISCOUNTED OFF LEC  
SERVICES)**

**Paging Network, Inc.**

**FACT THAT LECs ARE ATTEMPTING TO  
DETERMINE INTERCARRIER RATES PAID TO  
WIRELESS CARRIERS (COMPENSATION RATES)  
POINTS UP GROSS, ONGOING LEVERAGE  
IMBALANCE;**

**FCC ARTICULATION OF COMPENSATION  
REQUIREMENTS NEEDED TO OFFSET IMBALANCE  
IN LEVERAGE**

**FAILURE OF LECs TO PAY MESSAGING CARRIERS  
FOR USE OF MESSAGING NETWORK**

- ♦ **UNREASONABLE PRACTICE UNDER SECTION 201(b)**
- ♦ **UNREASONABLY DISCRIMINATORY PRACTICE UNDER SECTION 202(a) TO EXTENT THAT PAY CELLULAR, PCS, CLEC, INDEPENDENTS FOR TRAFFIC THAT TERMINATES OVER THEIR RESPECTIVE NETWORKS**



## **RECOMMENDED RATE**

### **BASIS**

- ♦ **USE PER-CALL RATE BECAUSE PAGING TRAFFIC UNIFORM**
- ♦ **SIMPLICITY**
- ♦ **USE LEC COST AS SURROGATE**
- ♦ **DERIVE FROM ACCESS COST STUDY - AVAILABLE, CONSISTENT**

### **COST BASIS**

- ♦ **SET UP COST** **\$.005/CALL**
- ♦ **DURATION COST** **\$.006/MINUTE**

### **RESULT**

- ♦ **ASSUMING 15-SECOND AVERAGE LENGTH:** **\$.0065/CALL**
- ♦ **ASSUMING 30-SECOND AVERAGE LENGTH:** **\$.0080/CALL**

## **NATIONAL POLICIES**

♦ **COMPENSATION**

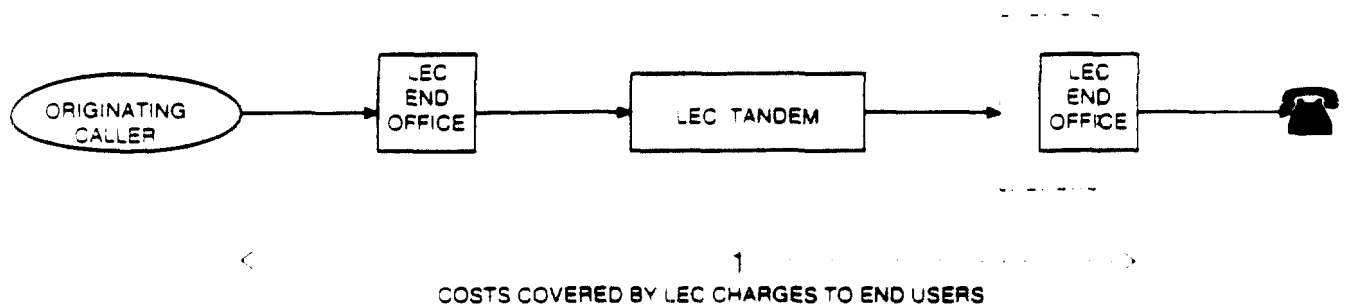
♦ **EFFICIENT CONSISTENCY**

♦ **PRO-COMPETITION**

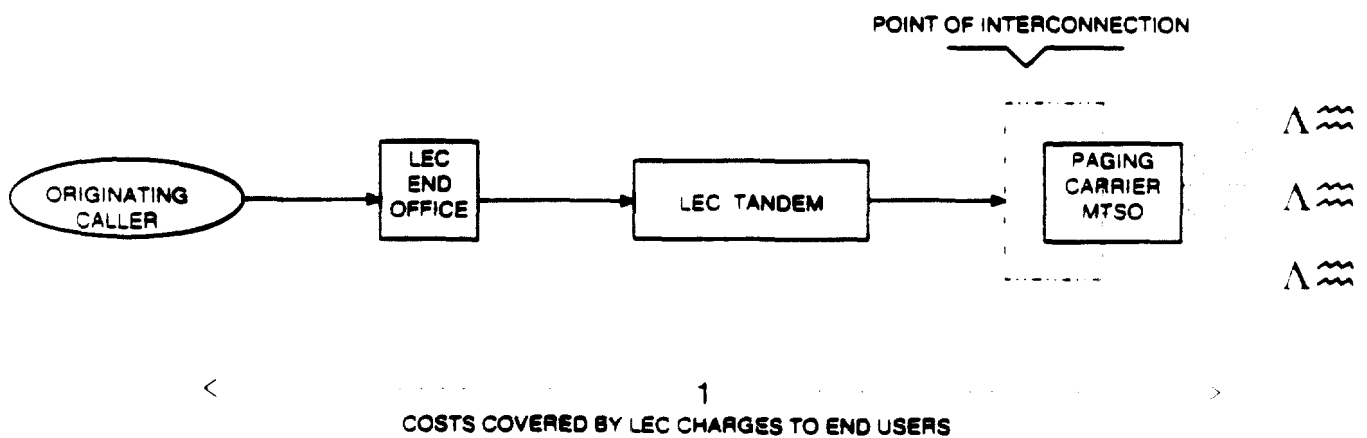
DIAGRAM 2

## CALL ROUTING AND COST COVERAGE BY LEC

### LEC-PROVIDED TERMINATION -- LOCAL CALL



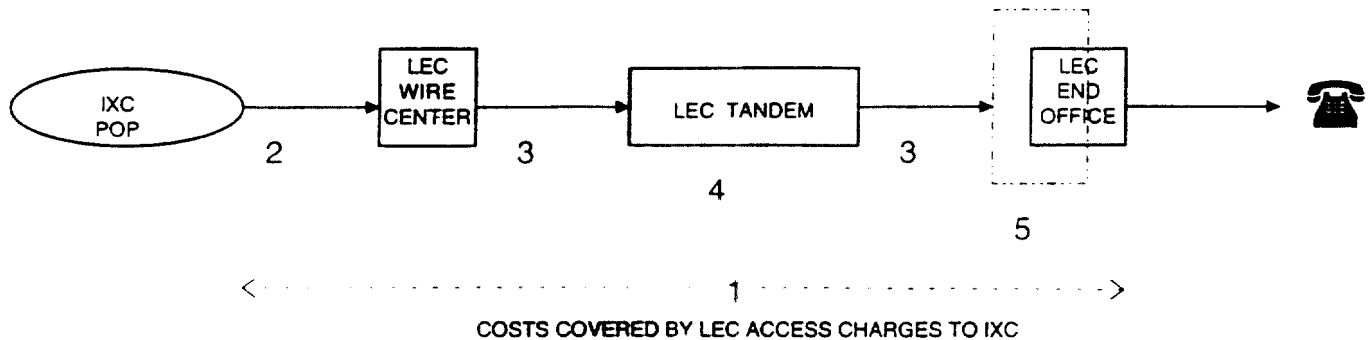
### PAGING CARRIER TERMINATION -- LOCAL CALL



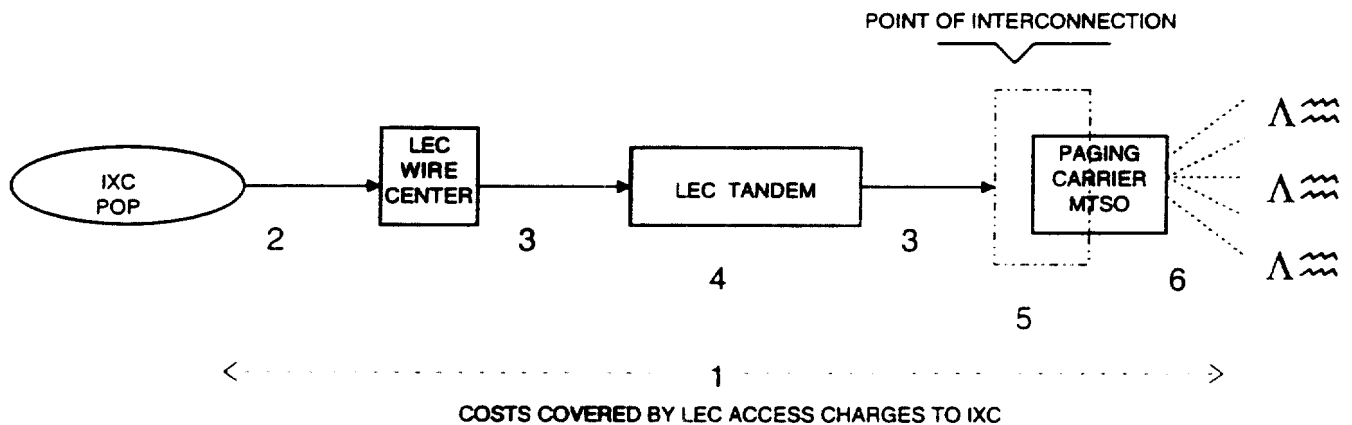
1 = LEC Basic Local Service Flat Rate

## CALL ROUTING AND COST COVERAGE BY LEC

### LEC-PROVIDED TERMINATION -- LONG DISTANCE CALL



### PAGING CARRIER TERMINATION -- LONG DISTANCE CALL



- 2 = LEC Entrance Facility
- 3 = LEC Tandem Switched Transport
- 4 = LEC Tandem Switching
- 5 = LEC Terminating Local Switching
- 6 = Paging Carrier switching and local transport functions and charges

**NATIONAL POLICIES**

**A. COMPENSATION - LOCAL CARRIERS ARE ENTITLED TO COMPENSATION FOR CALLS TERMINATED OVER THEIR NETWORKS.**

**Application of Policy: Messaging Carriers Are Entitled To Compensation Regardless Of Fact That Messaging Carriers Do Not Terminate Traffic At Present Over LEC Networks.**

**B. CONSISTENCY - PAYMENT BETWEEN CO-CARRIERS SHOULD BE BASED ON DIRECTIONALITY. IF CARRIER ONLY RECEIVES (TERMINATES) TRAFFIC, IT SHOULD NOT BE REQUIRED TO PAY FOR FACILITY.**

**Application of Policy: Messaging Carrier Should Not Be Required To Pay For Inter-Carrier Facility Between LEC And MTSO. If Messaging Carrier Uses Facility To Originate As Well, Payment Based On Proportionality Of Directional Use.**

**NATIONAL POLICIES**

**C. COMPENSATION TO CO-CARRIERS SHOULD PROMOTE DIVERSITY IN COMPETITION**

- ◆ **UNEQUAL TREATMENT HARMS MESSAGING CARRIERS THAT USED NOT TO OFFER TWO-WAY INTERACTIVE SERVICES**
- ◆ **UNEQUAL TREATMENT WOULD FORCE OTHERWISE UNECONOMIC RELATIONSHIPS**
  - ◇ **MESSAGING CARRIER RELATIONSHIP w/CLEC**
  - ◇ **MESSAGING CARRIER RELATIONSHIP w/CELLULAR CARRIER**
  - ◇ **MESSAGING CARRIER RELATIONSHIP w/INDIVIDUALS**

**Application of Policy: Require LECs to compensate all wireless carriers for all traffic terminated on wireless facilities - no distinction based on one-way nature of traffic**

## **NATIONAL POLICIES**

### **D. COMPENSATION POLICY RE LECs SHOULD ALSO PROMOTE COMPETITION**

- 1. ALL LECs MUST OFFER TRUE END OFFICE INTERCONNECTION AT REASONABLE COST-BASED RATES, WITHOUT SUBSIDIES**
- 2. CHARGES FOR END OFFICE "NUMBERS" MUST BE COST BASED. THERE MUST BE NO LEC CHARGES FOR NXX CODES. (Any charges, assessed fairly to all carriers by third party Administrator).**
- 3. ALL CARRIERS ENTITLED TO ALL SIGNALING ARRANGEMENTS. MESSAGING CARRIERS ARE ENTITLED TO RECEIVE SS7.**

## **MYTH TO DEBUNK**

**ALLEGATION: TRAFFIC MUST FLOW IN BOTH  
DIRECTIONS (MUTUALITY OF TRAFFIC) IN  
ORDER FOR ENTITLEMENT TO  
COMPENSATION (Conn. DPU; SNET)**

**RESPONSE: MESSAGING CARRIER INCURS  
COSTS FOR TERMINATING TRAFFIC; THE  
FACT THAT IT DOES NOT ORIGINATE  
TRAFFIC HAS NO BEARING UPON THE FACT  
THAT COSTS ARE INCURRED**



## **MYTH TO DEBUNK**

**ALLEGATION: STATES NEED BROAD JURISDICTION  
OVER WIRELESS CARRIERS IN ORDER FOR THOSE  
CARRIERS TO BE ENTITLED TO COMPENSATION (Conn.  
DPU)**

**RESPONSE: STATE JURISDICTION IRRELEVANT TO  
ENTITLEMENT TO COMPENSATION**